Toronto Islands Residential Community Trust Corporation

2007 – 2008 Annual Report

Ministry of Municipal Affairs and Housing

Office of the Minister

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06-3346

The Honourable David Onley
Lieutenant Governor
Office of the Lieutenant Governor of Ontario
Legislative Building
Queen's Park
Toronto ON M7A 1A1

MAY IT PLEASE YOUR HONOUR:

For the information of Your Honour and the Legislative Assembly, we have the privilege of presenting the Annual Report of the Toronto Islands Residential Community Trust Corporation for the 2007-08 fiscal year.

Respectfully submitted,

Jim Watson, MPP
Minister

Attachment

TORONTO ISLANDS
RESIDENTIAL COMMUNITY TRUST
102 Lakeshore Avenue, Ward's Island, Toronto, Ontario M5J 1X8
(416) 203-6163 fax (416) 203-6168 email trust@torontoisland.org

March 18, 2009

TO THE HONOURABLE JIM WATSON
MINISTER OF MUNICIPAL AFFAIRS AND HOUSING

MINISTER:

On behalf of the Board of Directors, I am pleased to present the annual Report and Statement of Accounts of the Toronto Islands Residential Community Trust Corporation for the 12 month period ending March 31, 2008.

Respectfully submitted,

Ellen Vera Allen,
Chair
Toronto Islands Residential Community Trust Corporation

Toronto Islands Residential Community Trust Corporation

Board of Directors

The Toronto Islands Residential Community Trust Corporation (TIRCTC) Board of Directors is appointed by the Lieutenant Governor in Council on an annual basis and consists of four directors who are Ontario Public Service appointees and two directors who are Island residents (as chosen by the Island community at large).

The 2007-08 appointees were:

- Ellen Allen (Chair) – Island appointee
- Tom Gutfreund (Vice Chair) – Ontario Public Service appointee
- Braham Kapal (Treasurer) – Ontario Public Service appointee
- Kiloran McRae (Secretary) – Island appointee
- Geoffrey Gladdy – Ontario Public Service appointee
- Allister Walsh – Ontario Public Service appointee

TIRCT Mandate

The TIRCTC (herein referred to as "the Trust") was established in December 1993 to manage the land and buildings associated with the Island community, on behalf of the Island residents and the general public. Under the *Toronto Islands Residential Community Stewardship Act, 1993* residents on Ward's and Algonquin Islands are able to hold title to their homes and lease the lots on which houses stand for a period of up to 99 years. The Trust is also charged with maintaining the purchaser's list, management of the Trust's finances and managing its five community buildings for the benefit of the public as well as the community.

Purchasers' List/Sales Process

Under the aforementioned legislation, the Trust was required to create a waiting list for potential purchasers of Island homes and land leases. This Purchasers' List was first established in 1994. The maximum number of names on the List is 500. The List is currently at its maximum, and is reopened whenever vacancies on the list are equal to or greater than 5%. Names are added to the List by way of a lottery draw conducted by an independent firm.

Since the establishment of this process in 1994, 47 island homes and leases have been sold. It is anticipated that an average of 2-3 homes a year will continue to be sold.

Current Business

Board Meetings

Board meetings in 2007-08 were generally held on a monthly basis (11 in total for the year). Members of the Toronto Island Community Association regularly attended these meetings. Meetings are open to the public. The Board approved its budget on March 26, 2007.

Community Meetings

Two community meetings were held during the course of the year. The first, held on April 30, 2007, was used to introduce the budget for the fiscal year April 1, 2007 to March 31, 2008. The business of the Trust was financed by a levy on the leaseholders, property rentals, administrative fees and investment income. There was no increase on the levy.

The second community meeting, held on October 29, 2007, involved the presentation of the Audit for the prior year by a representative of the auditing firm of Clarke Henning, and the Trust was found to be financially sound. The Finance Committee had met to review the Audit. Audited financial statements were made available upon request.

Purchasers' List Policy Reviews

A review was undertaken on the policies, procedures, by-laws, and other practices related to the Purchasers' List. The resulting report found substantial and effective practices were in place. The Board approved the report and implemented its recommendations.

As part of the ongoing efforts of updating practices and procedures to reflect sound management, the Board passed a policy on privacy and information. The Purchasers' List is available for viewing in the Trust Office. The Board reconfirmed the policy that no copies be made of the list. The List was opened in November 2007 for a two-week period and a total of 475 people applied for 47 vacant positions on the list.

House and Lease Sales

One house was sold during the 2007/08 fiscal year.

Public Benefits

The Island community has resulted in benefits to the public at large. The creation of the Trust has put the residents in the position of being conscientious and responsible stewards of not only the Trust lands and buildings but of the surrounding park as well. This is largely achieved through many hours of volunteer time.

The community has developed an excellent working relationship with the City parks department to protect environmentally sensitive areas and replenish island tree stock. The community has participated in annual beach clean-ups, shoreline revitalization and consulted with various government agencies regarding the preservation and enhancement of natural habitats in the park.

Trust Buildings

Community buildings, owned by the Trust are maintained for the benefit of the public as well as the community. Trust buildings and facilities provide a venue for such programs as the Toronto Island Canoe Club and Camp, tennis and soccer camps and leagues that are open to all City of Toronto children. Buildings are available for special functions, such as weddings for a nominal cost. Buildings have been preserved where historically significant, notably the Old Fire Hall and the Ward's Island Association Clubhouse, chiefly through volunteer efforts.

The Shaw House, once a derelict parks building, has been transformed into affordable housing for seniors.

Administrative Issues

The Trust office was staffed by an administrator on a three day per week basis and is responsible for the on-going operations of the Board and contact with the public and community. The administrator was available to the public by telephone, fax, e-mail, or by dropping into their office.

There is also a website that is updated regularly with information about both the Trust and Island activity:
(http://torontoisland.org/LandTrust/tabid/119/Default.aspx)

The Trust received no provincial, municipal or outside funding to support its operations.

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2008

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Clarke
Henning
LLP

Chartered Accountants

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AUDITORS' REPORT

TO THE MEMBERS OF
TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

We have audited the balance sheet of Toronto Islands Residential Community Trust Corporation as at March 31, 2008 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In accordance with the Corporations Act (Ontario), we report that these principles have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
August 22, 2008

Member
POLARIS INTERNATIONAL
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TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

BALANCE SHEET

AS AT MARCH 31, 2008

	2008	2007
ASSETS		
Current assets		
Cash	$ 49,368	$ 46,687
Short term investments *(note 3)*	197,820	184,857
Accounts receivable	52,597	43,229
Prepaid Expenses	4,546	-
Amount held in trust re lease transfer	24,330	42,962
	328,661	317,735
Property and equipment *(note 4)*	663,966	696,664
	992,627	1,014,399
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	38,190	40,011
Payable to City of Toronto re lease transfer	24,330	42,962
	62,520	82,973
Unamortized capital contribution	623,051	651,809
	685,571	734,782
NET ASSETS		
Reserve for contingencies	204,070	149,070
Reserve for capital expenditure and major repairs	20,000	-
Reserve for office expenses	2,500	-
Unappropriated balance *(note 6)*	80,486	130,547
	307,056	279,617
	$ 992,627	$ 1,014,399

Approved on behalf of the Board:

_____, Director _____, Director

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED MARCH 31, 2008

	2008	2007
Revenues		
Operating levy	$ 57,996	$ 57,543
Purchaser list fees and renewals	25,146	15,804
Administration fees	7,250	9,905
Rental income	14,939	13,018
Interest income	6,708	6,613
Other	3,572	2,572
	115,611	105,455
Expenses		
Depreciation expense - net *(note 5)*	3,940	3,940
Heating and electricity	3,534	3,979
Insurance	10,789	13,056
Legal and audit	21,300	17,630
Office and general	9,311	11,113
Repairs and maintenance	2,595	22,309
Salaries and benefits	36,703	37,760
	88,172	109,787
Excess (deficiency) of revenues over expenses for the year	$ 27,439	$ (4,332)

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2008

	Reserve for Contingencies	*Reserve for Capital Expenditures and Major Repairs*	*Reserve for Office Expenses*	*Unappropriated Balance*	*Total*	
					2008	*2007*
Balance - at beginning of year	$ 149,070	$ -	$ -	$ 130,547	$ 279,617	$ 283,949
Excess (deficiency) of revenues over expenses for the year	-	-	-	27,439	27,439	(4,332)
Transfer to (from) reserves *(note 7)*	55,000	20,000	2,500	(77,500)	-	-
Balance - at end of year	$ 204,070	$ 20,000	$ 2,500	$ 80,486	$ 307,056	$ 279,617

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2008

	2008	2007
Cash flows from operating activities		
Cash receipts from residents and others	$ 116,092	$ 49,170
Interest income	6,708	7,565
Cash paid to employees and suppliers	(107,156)	(52,287)
Change in cash during the year	15,644	4,448
Cash and cash equivalents - at beginning of year	231,544	227,096
Cash and cash equivalents - at end of year	247,188	231,544
Cash and cash equivalents consist of:		
Cash	49,368	46,687
Short term investments	197,820	184,857
	$ 247,188	$ 231,544

1. PURPOSE AND ORGANIZATION

Toronto Islands Residential Community Trust Corporation (the "Trust") was incorporated without share capital by The Toronto Islands Residential Community Stewardship Act of the Ontario Legislature. The Trust is to manage certain land and buildings on Toronto Islands for the benefit of the residential community on the islands and the public.

The Trust is managed by a board of not more than fifteen directors appointed by the Lieutenant Governor in Council.

The Province of Ontario has leased to the Trust, until December 15, 2092, all of the residential area on Toronto Islands. The Trust has leased to the owners of individual houses the land on which their houses are situated for a period ending December 15, 2092, under the terms and conditions set out in the legislation.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Trust's operating levy is recognized as revenue during the year to which the levy applies, purchasers' list fees are recognized when received, administration fees from sale of land leases are recognized when the land lease agreement is concluded and rental and interest income are recorded as revenue when they are earned.

Short Term Investments

Short term investments consist of interest bearing deposits, bonds issued by the Provincial government and short term mutual funds.

The investments bear interest rates from 1.5% to 4.25%. The investments are included in current assets since they are readily cashable. The fair value of these investments approximate carrying value.

Property and Equipment

The land lease of the residential area on Toronto Islands is recorded at nominal value. All other property and equipment are recorded at cost, or where cost is not determinable, at estimated replacement cost. Depreciation is provided over their estimated useful life on a straight line basis at the following annual rates:

Leasehold interest in buildings and building improvements	- 2.5%
Furniture and equipment	- 10% - 25%

Amortization of Capital Contributions

The Province of Ontario's contribution of a leasehold interest in the non-residential buildings in the area managed by the Trust is being amortized and brought into income on a straight line basis over 40 years, being the expected useful lifetime of the buildings.

Reserves

The Trust maintains reserves for capital expenditure and major repairs, reserve for contingencies and reserve for office expenses as Board-designated allocations out of net assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. SHORT TERM INVESTMENTS

Details of short term investments are as follows:

	2008	*2007*
Interest-bearing deposits at ING Direct and TD Waterhouse	$ 120,395	$ 83,589
ALTAM H/I Cash Performance Segregated mutual fund	52,425	50,423
Ontario Savings Bond, 5.5%, due June 21, 2007	-	25,845
Ontario Savings Bond, 4.25%, due June 21, 2008	25,000	25,000
	$ 197,820	$ 184,857

In all cases, cost, as set out above, approximates fair value.

4. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

	Cost	*Accumulated Depreciation*	*Net Book Value 2008*	*2007*
Land lease	$ 1	$ -	$ 1	$ 1
Leasehold interest in buildings	1,150,248	527,197	623,051	651,808
Furniture and equipment	25,782	21,026	4,756	7,654
Building improvements	41,731	5,573	36,158	37,201
	$ 1,217,762	$ 553,796	$ 663,966	$ 696,664

5. DEPRECIATION OF PROPERTY AND EQUIPMENT

Net depreciation expense for the year is calculated as follows:

	2008	*2007*
Furniture and fixtures	$ 2,365	$ 2,365
Computer equipment	532	532
Building improvements	1,043	1,043
Leasehold interest in buildings	28,756	28,756
Less amortization of capital contribution	(28,756)	(28,756)
	$ 3,940	$ 3,940

6. NET ASSETS - UNAPPROPRIATED BALANCE

Included in the unappropriated balance of net assets is an amount invested in property and equipment. Changes in this amount during the year are as follows:

	2008	*2007*
Balance - at beginning of year	$ 44,855	$ 48,795
Amortization of property and equipment less amortization of deferred capital grants	(3,940)	(3,940)
Balance - at end of year	$ 40,915	$ 44,855

7. NET TRANSFER TO (FROM) RESERVES

During the 2002 fiscal year, the Trust's Board established a reserve for contingencies and transferred to it an initial amount of $125,000. It is the Board's intention to transfer to this reserve each year an additional amount representing interest earned on the reserve balance in order to avoid erosion of purchasing power of the reserve due to inflation. In accordance with this policy, an additional amount of $5,000 was transferred in the 2008 fiscal year ($5,000 in 2007).

In addition, during the current year, the Board decided to transfer the following amounts from the unappropriate balance to the reserves:

Reserve for contingencies	$ 50,000
Reserve for office expenses	2,500
Reserve for capital expenditures and major repairs	20,000
	$ 72,500

8. FINANCIAL INSTRUMENTS

The Trust's financial instruments consist of cash and short term investments, accounts receivable and accounts payable. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Management estimates that the fair value of financial instruments approximate their carrying values due to their short term nature.

9. GUARANTEES AND INDEMNITIES

The Trust has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Trust has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Trust has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Trust agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Trust. The maximum amount of any potential liability cannot be reasonably estimated.